

HVAC&R Equipment Specialist Far East Announces 2015 Full Year Results

Singapore, 26 February 2016 – SGX Catalist-listed Far East Group Limited (“**Far East**” or the “**Group**”), a Heating, Ventilation, Air-Conditioning and Refrigeration (“HVAC&R”) equipment provider and distributor, announced today its full-year results ended 31 December 2015 (“FY2015”).

Singapore-based Far East said revenue for FY2015 slipped by 5.1% to S\$34.8 million from S\$36.7 million in FY2014, mainly due to a slowdown in projects from the region which the Group operates in.

Revenue from commercial and light industrial (refrigeration) and oil, marine and gas (refrigeration and air-conditioning) and residential and commercial (air-conditioning) segments decreased by S\$0.7 million, S\$0.5 million and S\$0.7 million respectively.

Gross profit decreased to S\$9.0 million from S\$11.7 million in FY2014 in tandem with lower revenue. Gross profit margin fell to 25.9% from 31.9% over the comparative periods, attributable to lower-margin bulk sales, slowdown in the China market and a significant provision for stock obsolescence made in FY2015 compared to a write back in the same comparative period.

The Group incurred higher distribution and selling expenses of S\$0.7 million, due to higher exhibition expenses of S\$0.1 million as the Group continues to undertake marketing activities in key markets, as well as higher staff costs.

As a result of the above, net loss after tax attributable to shareholders was S\$1.3 million in FY2015.

Net loss per share for FY2015 was 1.18 Singapore cents (FY2014: Net profit per share of 1.17 Singapore cent) while net asset per share as at 31 December 2015 was 22.8 Singapore cent (31 December 2014: 25.0 Singapore cent).

Mr. Loh Mun Yew, CEO of Far East, said, “The Group’s key markets are experiencing a slowdown. In view of this, we are stepping up efforts to keep costs low through streamlining of our operations to drive greater internal cost efficiencies and exercising greater prudence in corporate spending.”

Far East has since accelerated its strategy to expand its distribution network by entering into a consortium partnership to expand its reach in China to areas where it has little presence in. Its marketing activities in Vietnam, where the Group has established a wholly owned subsidiary in October 2014 is also expected to add on to top-line growth.

The Group continues to explore opportunities to expand its cold chain business in the Chinese market and increase manufacturing utilization at its subsidiary, Eden Refrigeration Manufacturing (Jiangsu) Co., Ltd. The Group is also on the lookout for potential mergers and acquisitions to deepen its market penetration and widen

its distribution network in China. In view of rising operating costs and other challenges in China, the Group hopes to secure large-scale projects to achieve greater economies of scale.

The Group continues to pursue growth in its main markets while exploring expansion opportunities to mitigate the effects of the slowdown in regional markets.

****End of Press Release****

About Far East Group Limited

Founded in 1953 and listed on SGX Catalist since 8 August 2011, Far East Group Limited (“Far East” or the “Group”) is a pioneer in the refrigeration and air-conditioning business in Singapore, offering end-to-end solutions in cooling and refrigeration ranging from consulting to after-sales support. Over the years, it has built up a strong network to become a comprehensive provider of refrigeration and air-conditioning systems and products for the Heating, Ventilation, Air-conditioning and Refrigeration (HVAC&R) industry.

The Group owns a facility in China, which manufactures its patented line of Eden energy-efficient products, and has established itself as one of China’s leading providers of quality heat-exchangers. Far East counts distributors, dealers and refrigeration and air-conditioning contractors across China and South East Asia as its customers.

This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor (“Sponsor”), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

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